

### BUDGET DEFICIT DOMINATES SACRAMENTO

The massive budget deficit of \$35 billion was about the only thing that the folks in the Capitol talked about this week. The Legislature's legislative budget analyst pegged the deficit at \$21 billion in November, and in mid December Davis came out with the \$35 billion figure. On Wednesday, January 8, Dan Walters, the Sacramento Bee's longtime Capitol reporter said that Davis may be inflating the deficit for political purposes. Walters suggests the "higher number would, first of all, give Davis some wiggle room as he dickers with the Legislature on spending cuts and revenues...Dealing with such a huge number would also make it easier to sell new state taxes to the Legislature and the public, and there's no doubt Davis will propose at least some new taxes."

Today Davis proposed a one-cent sales tax increase and an increase in the state's income tax rate on the wealthiest Californians. An article in today's San Francisco Chronicle says the retailers in Oregon would love a sales tax increase in California! As many of you know, Oregon does not have a sales tax. The Chronicle article states: "More and more Northern Californians should be pouring over the state line to buy, buy and buy. A 9.5 percent sales tax for San Franciscans? Hello, I-5."

In addition to a sales and income tax increase, the Governor proposed a \$1.10 per pack cigarette tax increase. And finally, the Los Angeles Times maintains that it heard from Davis staffers that the Governor will propose increases on other assorted fees, but he will not propose raising vehicle license fees or taxes on alcohol.

To come up with a balanced budget this year a lot of compromising will have to take place. Because the budget bill need a two-thirds vote of each house to get it to the Governor for his signature, Democrats are going to have to get along not only with themselves this year, but they must get some Republicans to vote for the budget. This won't be easy because the Republicans are against tax increases, and many Democrats are against deep cuts in various social programs. As one key figure in the Assembly told us this morning: "The mood around here is ugly - and this is just the first week of the new session!"

### JUDICIAL BRANCH BUDGET

Governor Davis proposes to reduce overall judicial branch funding by \$6.7 million, though General Fund

support would be reduced \$302.2 million. The shift away from General Fund support would be supplanted by various fees and a dedicated revenue source. Budget highlights of interest to members of the Bar are as follows:

(1) An increase in the appellate filing fee from the current \$265 to \$630; (2) Implementation of a security fee of \$20 per court filing; (3) An increase in the motion fee from the current \$23 to \$33; and (4) Implementation of electronic reporting of court proceedings.

In addition to the above proposals, the Governor is calling for funding increases of \$32.6 million and \$4.5 million to provide security to trial court facilities and court interpreters to assist non-English speaking defendants, respectively.

Finally, the Governor is proposing that the trial courts take unallocated General Fund reductions of \$36 million during the remainder of the current fiscal year and \$116 million in 2003-04. The Judicial Council is preparing a plan to allocate these reductions among various trial court programs. The allocated plan, which will be presented to the Legislature in time for budget subcommittee hearings, could significantly impact trial court operations.

A more detailed analysis of the Governor's spending plan for the judicial branch will be in next week's edition.

### NEW SENATE CHAIRS ANNOUNCED

Today the Senate finally announced who will be chairing its 24 standing committees. Unlike the U.S. Congress where the majority party chairs every committee, the California Senate has a long tradition of having the minority party (Republicans - since the early 1970s) chair various Senate committees. For the 2003-04 session, Democrats will chair 21 of the 24 committees. [Martha Escutia](#) (D - Whittier) will continue to chair the [Judiciary Committee](#), [Bruce McPherson](#) (R - Santa Cruz) will remain as chair of the [Public Safety Committee](#), and [Dede Alpert](#) (D - San Diego) will continue to chair the [Appropriations Committee](#). New chairs include: [Dean Florez](#) (D - Bakersfield/Fresno) [Banking and Commerce Committee](#), and [Gil Cedillo](#) (D - Los Angeles) [Revenue and Taxation Committee](#).